



**CONGRESSIONAL BUDGET OFFICE  
INTERGOVERNMENTAL MANDATES STATEMENT**

July 30, 1998

**S. 2279**

**Wendell H. Ford National Air Transportation System  
Improvement Act of 1998**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on July 14, 1998*

**SUMMARY**

S. 2279 would direct the FAA to initiate a rulemaking proceeding that would necessitate expenditures on the part of publicly owned airports. It would also prohibit airports in Alaska from collecting certain fees. These provisions are intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), and CBO estimates that the costs of these mandates would exceed the threshold established in that act (\$50 million in 1996, adjusted annually for inflation).

S. 2279 would reauthorize several programs of the Federal Aviation Administration (FAA) and modify parts of the airport improvement program (AIP). The bill would increase the FAA's flexibility to spend certain AIP funds on state and local airport projects, while changing the priorities for use of those funds. It would increase the number of slots available at Chicago's O'Hare Airport and Ronald Reagan Washington National Airport. It would also direct the Secretary of Transportation to grant exemptions to the federal rule requiring flights into and out of Ronald Reagan Washington National Airport to be within a 1250-mile radius.

**INTERGOVERNMENTAL MANDATES CONTAINED IN BILL**

S. 2279 would require the FAA to initiate a rulemaking proceeding to amend current regulations that govern permits for public airports receiving flights with more than 30 passenger seats. The new rule would require the installation of precision approach path indicators (PAPIs) under certain circumstances, as well as improvements to runway safety areas, the ground surrounding a runway that is prepared to reduce hazards associated with

the undershoot, overshoot, or excursion of an aircraft from the runway. In addition, airports in Alaska would be prohibited from collecting passenger facility charges (PFCs) from passengers on aircraft with a seating capacity of less than 20.

Section 4 of UMRA excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that section 304 of S. 2279, which implements provisions of the Convention on International Civil Aviation, fits within that exclusion.

## **ESTIMATED DIRECT COSTS OF MANDATES TO STATE, LOCAL, AND TRIBAL GOVERNMENTS**

### **Is the Statutory Threshold Exceeded?**

CBO estimates that the direct costs of the mandates contained in this bill, primarily requirements to upgrade runway safety areas, would exceed the threshold for intergovernmental mandates (\$50 million in 1996, adjusted annually for inflation).

### **Total Direct Costs of Mandates**

In total, CBO estimates that complying with the mandates in S. 2279 could cost public airports as much as \$1.2 billion. Assuming that new rules for runway safety areas would be issued within the next year, a significant portion of these costs would be incurred over the next five years.

**Improvements to Runway Safety Areas.** Based on information from the FAA, CBO assumes that section 503 would be interpreted to require that all airports meet the current standards for runway safety areas. Under current law, many airports are exempted from this requirement, and must upgrade their runway safety areas only when constructing or expanding a runway. A report released by the FAA in October 1997, *Runway Safety Areas at Airports Certificated under 14 CFR Part 139*, indicates that 518 runways that would no longer be grandfathered would need to be upgraded to meet current standards, at a total estimated cost of \$1.2 billion, assuming the use of current technology. Although the FAA is experimenting with soft ground arrestors, a technology that is less expensive than that currently used, this technology is still experimental and may not be appropriate for all airports.

**Prohibition on Passenger Facility Charge Collection on Certain Air Carriers in Alaska.**

UMRA defines the direct costs of a mandate to include the amounts that state, local, and tribal governments would be prohibited from raising in revenue. Although PFCs are not currently being charged by most public airports in Alaska, CBO believes, based on information from the FAA, that these charges are likely to be assessed in certain cases in the future. Therefore, CBO estimates that prohibiting public airports in Alaska from collecting PFCs from passengers on aircraft seating less than 20 would lead to a loss of future revenues for airports in Alaska totaling less than \$3 million dollars annually. This estimate is based on data from the FAA's Office of Aviation Policy and Plans.

**Installation of Precision Approach Path Indicators.** CBO estimates that because the FAA owns, operates, and maintains PAPIs, the direct cost to public airports of complying with the mandate to install these safety devices would be insignificant. In cases where the FAA is not scheduled to put PAPIs in place in a timely manner, airports would be eligible to receive funding through the AIP for installing these devices. Based on information received from the FAA, CBO assumes that airports would only be required to install these devices themselves if they apply for this funding.

**APPROPRIATION OR OTHER FEDERAL FINANCIAL ASSISTANCE PROVIDED IN BILL TO COVER MANDATE COSTS**

This bill would authorize \$10 billion in contract authority for the AIP over the next four years. While some of this money would go to airports that would be required to upgrade runway safety areas, CBO cannot determine at this time how much of that amount would be available to airports affected by the mandate.

**OTHER IMPACTS ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

This bill would effectively change the law regarding how state and local airports can use so-called "entitlement" money from the AIP—money granted to airports each year based on their total number of enplanements. Under current law, these airports face no restrictions on how entitlement funds are used. Under this bill, airports would be ineligible for discretionary funding from the AIP for certain types of projects unless they used the FAA's priority system for funding projects with entitlement money. CBO has no basis for predicting how this change would affect airport spending in total. However, certain airports could lose funding if they continue to use entitlement funds on projects judged by the FAA to be of low priority.

This bill also would increase the number of slots available at Chicago's O'Hare Airport by 100 and at Ronald Reagan Washington National Airport by 24. In general, as a condition of receiving aid from the AIP, airports must agree to provide gate access, if available, to air carriers granted access to a slot. In addition, the bill would change the current federal law that prohibits flights into Ronald Reagan Washington National Airport from outside a 1250-mile radius. The Secretary of Transportation would be directed to grant exemptions from this federal rule if those exemptions meet specific criteria. Based on information from the affected airports, CBO estimates that these changes would have an insignificant budgetary impact.

Finally, this bill would establish a Small Community Aviation Development Program for forty communities, and authorize \$30 million over four years, if there is a sufficient amount of collections from overflight fees. The program would encourage air carrier service in small communities.

#### **PREVIOUS CBO ESTIMATE:**

On July 17, 1998, CBO provided a cost estimate for H.R. 4057, the Airport Improvement Program Reauthorization Act of 1998, as ordered reported by the House Committee on Transportation and Infrastructure on June 25, 1998. This bill would reauthorize the FAA for one year, and would make some of the same changes in the AIP program. The two estimates reflect the differences between the bills.

On July 15, 1998, CBO provided a cost estimate for H.R. 2748, the Airline Service Improvement Act of 1998, as ordered reported by the House Committee on Transportation and Infrastructure on June 25, 1998. This bill would authorize the Secretary of Transportation to grant exemptions to the slot rules at the nation's four high-density airports. The estimated costs of the related provisions in the two bills are the same.

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